

CORRECTED FISCAL NOTE

HB 2669 - SB 3044

February 12, 2008

SUMMARY OF BILL: Enacts the “Drinking Water Access and Resources Planning Act of 2008”. Establishes a water management planning council in each county. Authorizes counties to form a multi-county water management planning council. Requires such councils, by December 31, 2009, to develop maps showing existing service areas, un-served areas, underserved areas, which public water systems should make economic water line extensions to serve un-served and underserved areas. The plan should also include a forecast of drinking water needs for 5, 10, 15, and 20 years after 2009. Plans should prioritize water improvement needs within the area. All plans would be submitted to the Utility Management Review Board, the Water and Wastewater Financing Board, and the Department of Environment and Conservation. Authorizes the Comptroller of the Treasury to contract with the Tennessee Association of Utility Districts and/or MTAS to provide assistance on behalf of the Utility Management Review Board and the Water and Wastewater Financing Board. Establishes a dedicated “Drinking Water Access and Resources Fund” as a separate account in the State Treasury. Loans, grants, and guarantees may be made to local governments from such fund. The General Assembly would be authorized to make appropriations to the fund. Prohibits counties that have not submitted the required plan by January 1, 2010 from receiving Community Development Block Grants or Tennessee FastTrack Infrastructure Development Program funds.

ESTIMATED FISCAL IMPACT:

On February 8, 2008, we issued a fiscal note indicating an *increase in state expenditures of less than \$100,000, an increase in local government expenditures exceeding \$100,000 and an other fiscal impact stating that the bill establishes “The Drinking Water Access and Resources Fund” and authorizes the General Assembly to make appropriations to the fund. The amount of such appropriation is unspecified. Therefore, any increase in state expenditures associated with such fund cannot be quantified.* Based on additional information obtained by committee staff, the estimated fiscal impact of this bill is:

**Increase State Expenditures – \$150,000/One-Time
Less than \$300,000/Recurring**

Increase Local Expenditures* – Exceeds \$3,400,000

Other Fiscal Impact – The bill establishes “The Drinking Water Access and Resources Fund” and authorizes the General Assembly to make appropriations to the fund. The amount of such appropriation is unspecified. Therefore, any increase in state expenditures associated with such fund cannot be quantified.

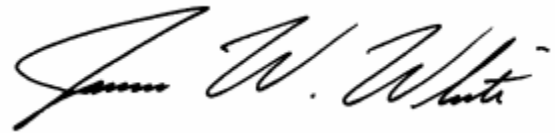
Assumptions:

- A one-time increase in state expenditures of \$100,000 for the Comptroller of the Treasury to contract with MTAS and the Tennessee Association of Utility Districts to enable the Utility Management Review Board and Water and Wastewater Financing Board to carry out the functions required by the bill.
- A one-time increase in state expenditures of \$50,000 for the Comptroller of the Treasury to cover the initial start-up costs of the program.
- A recurring increase in state expenditures of \$195,000 for the salary and benefits for three engineers (one in each grand division) required by the Comptroller of the Treasury to provide oversight of planning council planning and related functions.
- A recurring increase in state expenditures of \$70,000 to cover the costs of the administration of grants and loans.
- Local governments would be required to use GIS mapping.
- An increase in local government expenditures exceeding \$3,000,000 attributable to the cost of GIS mapping. Such expenditure will be required for approximately four years or until the required mapping is complete.
- Each water management planning council will consist of three members.
- Each planning council member will receive reimbursement of actual expenses totaling an average of \$100 per month.
- Planning councils will meet once per month.
- The increase in local government expenditures attributable to the reimbursement of planning council members is estimated to be \$342,000 (3 members x 95 counties x 12 meetings per year x \$100 = \$342,000).

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/cce